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RUEHOO/CHINA POSTS COLLECTIVE PRIORITY
RUCNIR/IRAN COLLECTIVE PRIORITY
RUEHZU/APEC COLLECTIVE PRIORITY
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C O R R E C T E D C O P Y (TAGS NAME CHANGE FROM ECCT TO ETTC)

E.O. 12958: DECL: 03/30/2027

TAGS: ETTC TW IR GM CN

SUBJECT: (S) EFFORT TO SUPPLY IRANIAN UAV PROGRAM: A
PREVALENCE OF GUILE

REF: A. SECSTATE 40825

1B. 06 TAIPEI 2731

1C. TAIPEI 550

Classified By: Acting Chief of AIT/T/ECON Tim Neely, 1.5 b, c, d

11. (S) AIT delivered reftel demarche and non-paper to Bureau of Foreign Trade Export Control Task Force Head Wally Su (Wu-hwa) on March 30. Su emphasized his desire to help and said he would certainly investigate the case further. He then gave an analysis of what he thought was likely going on: First, he again noted that there is no company by the name of Prime Kit registered in Taiwan. Second, he noted that U.S. agencies have found there is a company by the name of Prime Kit registered in China. Third, he noted that the end-user certificate (EUC) described is clearly fraudulent in several respects, not just in the name of the end-user, and therefore should not be the basis for thinking a Taiwan company was involved. Fourth, the Taiwan Aerospace Industrial Development Corporation is state-owned corporation closely affiliated with Taiwan's Ministry of National Defense and it would not be collaborating with China (Taiwan's enemy) to send military-use items to Iran. Fifth, Su said his office is the only Taiwan agency empowered to issue EUCs, and it had never issued one involving a company called Prime Kit.

U.S. Agencies Fall for Misinformation

12. (S) Based on the above points, Su said it seemed as though U.S. agencies may have been duped by a scheme to make it appear that the items in question were being sent to Taiwan, when actually they were destined for China, and then, perhaps, onward to Iran. Su noted that he has a doctorate degree in international trade and many years experience working with shipping documents. He said that shipping documents can be altered at various points in route to change the information on the letter of credit, or to change name of the end-user or destination. He suggested that the end-user and destination on the shipping documents will be changed at some point before the items reach Taiwan; and the items, which U.S. agencies believe may be falsely labeled, may only transit a Taiwan port on its way to another Asian port; or may not even pass through Taiwan.

Suggestions for Further Investigation

13. (S) Su suggested that he could be more helpful if he could see a copy of the EUC held by the U.S. or German exporter. If U.S. agencies could not provide him with a copy of the EUC, then, Su suggested they themselves should look at the other data fields on the document for anomalies, such as the place from where the EUC was transmitted and the seal of the issuing authority. He also suggested U.S. agencies should contact PRC export control officials and the Prime Kit Enterprise Company located in Beijing.

Comment:

15. (S) AIT in its blue lantern investigations has uncovered cases where U.S. exports of military use items purportedly ordered by Taiwan companies are shipped directly Pakistan (ref b). AIT has also reported that fraudulent (unauthorized) Taiwan EUCs are regularly used by companies in China to export CWC-restricted chemicals to Taiwan (ref c.) AIT/Econ believes something similar may be happening in this case.

WANG